

Message Text

UNCLASSIFIED

PAGE 01 STATE 148237
ORIGIN OES-07

INFO OCT-01 ARA-14 IO-14 ISO-00 AID-05 TRSE-00 EB-07
OMB-01 CIAE-00 INR-07 NSAE-00 L-03 /059 R

DRAFTED BY OES/ENP/EN - B. LONG:DR
APPROVED BY OES/ENP/EN - DR. KING
IO/IEP - L. KAHN
AID/AA/TA - M. BELCHER
AID/PPC/IA - M. SCHUWEILER
USUN - D. SIEFMAN (SUBS)
-----084660 250614Z /13
R 242252Z JUN 77
FM SECSTATE WASHDC
TO USMISSION USUN NEW YORK
INFO AMEMBASSY BUENOS AIRES
USMISSION GENEVA

UNCLAS STATE 148237

E.O. 11652: N/A

TAGS: SENV, OCON

SUBJECT: UN STUDY OF FINANCING ARRANGEMENTS IN WATER
SECTOR

REFERENCE: (UNDATED) LTR UN SYG TO U.S. PERM REP--EC
321/2 (21-1)

1. DEPARTMENT REQUESTS FOLLOWING BE TRANSMITTED TO UN SYG
IN RESPONSE TO INVITATION FOR U.S. VIEWS ON IMPLEMENTATION
OF SUBJECT FINANCIAL STUDY.

(QUOTE) DEAR MR. SECRETARY GENERAL:

ON BEHALF OF THE UNITED STATES, I AM PLEASED TO RESPOND TO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 148237

YOUR REQUEST FOR OUR "PRELIMINARY SUBSTANTIVE VIEWS" ON THE
STUDY BEING CONDUCTED BY THE SECRETARY-GENERAL OF MECHA-
NISMS TO INCREASE THE FLOW OF FINANCIAL RESOURCES TO THE
WATER SECTOR.

THE SHORT DEADLINE FOR INITIAL COMMENTS HAS OBVIOUSLY
NOT ALLOWED US TO ANALYZE, OR PROBABLY EVEN TO IDENTIFY,

THE FULL RANGE OF OPTIONS WHICH THE STUDY MUST ADDRESS. WE BELIEVE, HOWEVER, THAT THE FOLLOWING CONSIDERATIONS AND VIEWS MAY BE USEFUL IN DEFINING THE PROPER SCOPE AND STRUCTURE OF THE STUDY, AND THEREBY HELP LEAD TO SPECIFIC

RECOMMENDATIONS ON THE "MOST EFFICIENT AND FLEXIBLE MECHANISMS."

1. THE RESOLUTION WHICH CALLS FOR THIS STUDY WAS INTRODUCED AT THE UN WATER CONFERENCE BY DEVELOPING COUNTRIES CONCERNED ABOUT THE INADEQUACY OF FINANCIAL RESOURCES AVAILABLE TO THEM FOR WATER DEVELOPMENT AND MANAGEMENT. THE STUDY THEREFORE, MUST GIVE MAJOR ATTENTION TO THE LEVELS, FLOW AND USE OF DEVELOPMENT ASSISTANCE FUNDS.

2. HOWEVER, INVESTMENTS MADE OUTSIDE THE DEVELOPMENT ASSISTANCE AREA ARE ALSO A DETERMINANT OF TOTAL FUNDING AVAILABLE TO THE WATER SECTOR. FOR EXAMPLE, THE UNITED STATES CONDUCTS EXTENSIVE WATER RESOURCES RESEARCH FOR DOMESTIC PURPOSES. IT SHOULD THEREFORE BE MADE CLEAR WHETHER THE STUDY IS TO CONCENTRATE ON INCREASED FINANCIAL FLOWS TO DEVELOPING COUNTRIES, OR THE WATER SECTOR AS A WHOLE. (THE REMAINING COMMENTS WILL LARGELY CONCERN FLOWS TO DEVELOPING COUNTRIES).

3. AN INCREASE IN FUNDING FOR WATER DEVELOPMENT AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 148237

MANAGEMENT CAN OCCUR IN ONE OF THREE WAYS: (A) AN EXPANSION OF OVERALL DEVELOPMENT ASSISTANCE, WITH THE WATER SECTOR RECEIVING AN APPROPRIATE SHARE; (B) ADDITIONAL FUNDING PROVIDED BY THE INTERNATIONAL DONOR COMMUNITY EARMARKED FOR THE WATER SECTOR; OR (C) RE-PROGRAMMING, BY DONOR INSTITUTIONS OR RECIPIENT GOVERNMENTS, OF EXISTING FUNDS TO PROVIDE MORE FOR WATER DEVELOPMENT--AND THEREFORE LESS FOR OTHER SECTORS.

4. TWO PRINCIPAL DECISIONS POINTS SHOULD BE ADDRESSED: (A) THE GOVERNMENTS OF COUNTRIES SEEKING ASSISTANCE; (B) THE "OFFICIAL" INTERNATIONAL DONOR COMMUNITY--PRIMARILY THE BILATERAL AND MULTILATERAL DEVELOPMENT ASSISTANCE AGENCIES AND BANKS. HOWEVER, THERE ARE OTHER INSTITUTIONS THAT HAVE IMPORTANT ROLES TO PLAY IN THE WATER SECTOR AND WHICH THEREFORE SHOULD BE CONSIDERED: PRIVATE VOLUNTARY ORGANIZATIONS; UNIVERSITIES; NATIONAL AND REGIONAL INSTITUTIONS FOR RESEARCH, DEVELOPMENT AND TRAINING; AND PRIVATE INDUSTRY.

5. CLEARLY, THE DECISIONS MADE BY RECIPIENT COUNTRIES ARE THE MAJOR DETERMINANTS OF THE MAGNITUDE OF FUNDING

AVAILABLE TO THEM FOR WATER PROJECTS. IF ONE THEORIZES A RELATIVELY FIXED LEVEL OF TOTAL DEVELOPMENT ASSISTANCE, THEN INCREASING THE FUNDING FOR THE WATER SECTOR REQUIRES EITHER THAT COUNTRIES ASSIGN HIGHER PRIORITY TO WATER, OR TAKE STEPS TO INCREASE THE IMPACT OF WHAT IS ALREADY AVAILABLE THROUGH IMPROVED PROGRAM COORDINATION AND PROJECT PLANNING AND MANAGEMENT.

6. WHILE AID DONOR COUNTRIES AND INTERNATIONAL LENDING AND DEVELOPMENT INSTITUTIONS MUST RESPOND TO THE PRIORITIES ASSIGNED BY THE RECIPIENT COUNTRIES (WHICH MAY NOT PUT "WATER" HIGH ON THE LIST), THERE ARE A NUMBER OF MEASURES THEY CAN TAKE INDEPENDENTLY TO INFLUENCE THE MAGNITUDE OF FUNDS AVAILABLE TO DEVELOPING COUNTRIES FOR UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 148237

WATER PROJECTS. THESE INCLUDE BETTER COORDINATION OF THEIR WATER RESOURCES PLANNING AND PROJECT IMPLEMENTATION ACTIVITIES TO REDUCE OVERLAP AND OVERHEAD, BOTH AT THE INTERNATIONAL LEVEL (E.G., PROPOSED ACC WATER BOARD) AND WITHIN RECIPIENT COUNTRIES (E.G., STRONGER COORDINATING ROLE FOR THE UNDP RESIDENT REPRESENTATIVES). ALSO, THE RESIDENT REPRESENTATIVES OF DEVELOPMENT AGENCIES COULD DO MORE TO CALL HOST COUNTRY ATTENTION TO THE IMPORTANCE OF WATER TO DEVELOPMENT, AS WELL AS SPECIFIC OPPORTUNITIES OPEN TO THEM. FINALLY, DONOR INSTITUTIONS ALSO MAKE LARGELY INDEPENDENT DECISIONS ON THE TYPES OF RESEARCH AND DEMONSTRATION ACTIVITIES WHICH THEY FINANCE, AND THE NATURE OF THE TRAINING AND EDUCATION PROGRAMS THEY SPONSOR. THERE IS A POTENTIAL FOR DIRECTING MORE OF SUCH ACTIVITIES AND PROGRAMS TOWARD THE WATER SECTOR.

7. BOTH DONORS AND RECIPIENTS FACE A BASIC PROBLEM WHICH THE UN STUDY SHOULD ADDRESS: NAMELY, THE WATER SECTOR MUST COMPETE WITH OTHER DEVELOPMENT SECTORS FOR LIMITED FINANCIAL RESOURCES, AND MANY OF THESE ALSO MAKE STRONG, LEGITIMATE CLAIMS. FOR EXAMPLE, EACH MAJOR UN GLOBAL CONFERENCE--FOOD, POPULATION, HUMAN SETTLEMENTS, WATER AND, SOON, DESERTIFICATION--LEADS TO A RECOMMENDATION FOR INCREASED FUNDING FOR THE FOCAL POINT PROBLEM AREA. INCREASINGLY, THE CALL IS FOR SPECIAL FUNDS AND NEW CONSULTATIVE GROUPS. THE ABILITY OF THE INTERNATIONAL COMMUNITY TO SUPPORT THE CONTINUED GROWTH OF THESE SPECIAL MECHANISMS IS BEING STRAINED, HOWEVER. WE ALSO INCREASINGLY ENCOUNTER THE SITUATION WHERE A NEW APPROACH INTENDED TO PROMOTE A SINGLE RESOURCE (E.G., WATER, ENERGY) APPEARS TO OVERLAP WITH OR DUPLICATE SIGNIFICANT ASPECTS OF ALREADY ESTABLISHED OR PLANNED MECHANISMS. FOR EXAMPLE, CONSULTATIVE GROUPS IN THE AGRICULTURAL FIELD UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 148237

AND SPECIAL FUNDS FOR THE ENVIRONMENT, ALREADY COVER CERTAIN ELEMENTS OF THE WATER SECTOR. DISCUSSION OF ANY NEW PROPOSALS MUST CLEARLY ADDRESS THE RELATIONSHIP TO EXISTING ENTITIES. THE U.S. PREFERENCE HAS BEEN TO ATTEMPT TO MEET ANY NEW FINANCIAL REQUIREMENTS OF THE INTERNATIONAL COMMUNITY BY STRENGTHENING EXISTING MECHANISMS WHEREEVER POSSIBLE.

8. A STATEMENT PRESENTED AT THE UN WATER CONFERENCE BY THE NONGOVERNMENTAL ORGANIZATIONS (INCLUDING PRIVATE VOLUNTARY AGENCIES) INDICATED THAT THEY ARE INVESTING OVER \$1 BILLION A YEAR IN INTERNATIONAL WATER DEVELOPMENT. THERE MAY BE GOOD OPPORTUNITIES TO EXPAND THIS AMOUNT, OR INCREASE THE IMPACT OF WHAT IS CURRENTLY BEING PROVIDED. PRIVATE INDUSTRY ALSO MAKES LARGE INVESTMENTS IN THE WATER SECTOR, AND COULD UNDOUBTEDLY PLAY A LARGER ROLE IF GOVERNMENTS PROVIDED OPPORTUNITIES AND A FAVORABLE INVESTMENT CLIMATE.

9. A KEY ISSUE WHICH SHOULD BE CONSIDERED IS WHETHER THE STUDY SHOULD ADDRESS THE "WATER SECTOR" AS A TOTALITY; OR WHETHER IT IS MORE MEANINGFUL TO DEAL WITH PRIORITY SUB-SECTORS (E.G., COMMUNITY WATER SUPPLY; FOOD AND FIBRE; INDUSTRIAL WATER). PROBABLY BOTH LEVELS SHOULD BE TREATED. POSSIBLY THE MATTER OF COMPETITION FOR FUNDS BETWEEN MAJOR DEVELOPMENT SECTORS COULD BE DEALT WITH IN AN INITIAL OVERVIEW OF THE SCOPE OF THE PROBLEM. THEN THE STUDY MIGHT CONCENTRATE ON NEEDS, INSTITUTIONS AND POSSIBLE FUNDING ARRANGEMENTS WITHIN SPECIFIC, HIGH-PRIORITY SUB-SECTORS. FOLLOWING THESE ANALYSES, IT SHOULD BE POSSIBLE TO SEARCH FOR COMMON APPROACHES WITHIN THE INDIVIDUAL SUB-SECTORS WHICH WOULD LEAD TO RECOMMENDATIONS ON FINANCIAL ARRANGEMENTS THAT WOULD SERVE THE NEEDS OF SEVERAL (OR ALL) OF THE SUB-SECTORS.

10. FINALLY, IT IS CLEAR FROM THE FOREGOING THAT THE IS-
UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 148237

SUE OF INCREASED FINANCING FOR THE WATER SECTOR IS EXCEEDINGLY COMPLEX. GIVEN THE IMPORTANCE ATTACHED TO THIS SUBJECT AT THE WATER CONFERENCE, AND THE IMPLICATIONS OF THE RESULTS OF THE PROPOSED STUDY FOR BOTH DONOR AND RECIPIENT COUNTRIES, IT IS IMPERATIVE THAT ADEQUATE RESOURCES ARE MADE AVAILABLE TO CARRY OUT THE EXTENSIVE CONSULTATIONS AND IN-DEPTH ANALYSIS OF OPTIONS THAT WILL BE

REQUIRED.

I HOPE THESE VIEWS AND SUGGESTIONS ARE HELPFUL, AND WE
LOOK FORWARD TO RECEIVING THE INTERIM REPORT ON THE STUDY.
SINCERELY, (UNQUOTE)

2. WOULD APPRECIATE ANY INFORMATION ON HOW THIS MATTER
WILL BE HANDLED AT 63RD ECOSOC, AND PRELIMINARY VIEWS OF
WEO MEMBERS.
VANCE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SECRETARY GENERAL, ECONOMIC ASSISTANCE, WATER, DIPLOMATIC COMMUNICATIONS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE148237
Document Source: CORE
Document Unique ID: 00
Drafter: B. LONG:DR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770227-1089
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770619/aaaaaqoc.tel
Line Count: 234
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 26de7e76-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OES
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2033757
Secure: OPEN
Status: NATIVE
Subject: UN STUDY OF FINANCING ARRANGEMENTS IN WATER SECTOR
TAGS: SENY, OCON, PORG, US, UN
To: USUN NEW YORK
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/26de7e76-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009